

IPO REPORT

KALYAN JEWELLERS

INDIA LIMITED IPO

Sector : Jewelry Products

Recommendation : AVOID



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- One of India's largest Jewellery companies.
- Key business activities of the company are to design, manufacture, and sell a variety of gold, studded and other jewelry products for various occasions i.e. weddings, festivals.
- The company serves its customer through 107 showrooms in India and 30 showrooms in the Middle East.
- Strengths: 1) One of India's largest jewelry companies. 2) Strong network distribution. 3) Wide range of jewelry product offerings.
- **Risks: 1) Company revenues are growing very slowly. 2) Natural calamities have impacted the financials of the company recently. 3) Highly dependent on gold prices.**
- IPO Objective: 1) Finance business working capital requirements. 2) General corporate purposes.
- IPO comprises fresh issues amounting to ₹800 Cr and an Offer for sale of ₹375 cr. The issue will open from Mar 16, 2021, to Mar 18, 2021. The issue is priced at ₹86 to ₹87 per equity share. The minimum order quantity is 172 Shares.
- The company suffered setbacks in FY19 and FY20 due to floods and pandemic respectively which has hampered the revenues and net profit of the company. One of the positive fact is that the company has reduced its debt.
- Despite having a strong brand name, financial performance of the company is not attractive. Jewellery business itself remained quite risky while already listed player like Thangamyil which has better revenue and profitability growth with much better ROE is available at very cheap valuations compare to Kalyan. By looking expensive valuations and lackluster financials **we assign an "avoid" rating to this IPO.**